



THE NIGERIAN LEASING INDUSTRY: MORE THAN A DECADE OF GROWTH AND RESILIENCE



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For over a decade, Nigerian Leasing Industry has consecutively and consistently recorded growth in business transactions. The industry has further displayed its resilience and ability to support economic investment and development, either in times of boom or challenges. After recording a sharp decline in growth from 14.5% in 2019 to 4.3% in 2020, (the year of high prevalence of the covid 19 pandemic), the industry recovered with a 28.65% growth in 2021.

Available statistics show that outstanding lease volume as at 2021 stood at N2.58trillion as against N2.01trillion in 2020. As usual, the oil and gas sector grew by 23.8% being the lion share with N739bn of the outstanding leases; followed by Transportation & Logistics sector which grew by 21.4% recording N614bn; Manufacturing 16.7% - N375%; Telecoms taking 9.5% of the total volume arriving at N232bn. Others (including Healthcare and Education accounted for N294bn (19%), with Agriculture and Government recording considerable growth.

This growth can be well attributed to the business momentum that slightly picked up in the year under review, despite the continued adverse impact of the pandemic on socio-economic fundamentals. Obviously, the growth was driven mainly by the resumption of economic activities, stable environment and demand, as businesses tried to do catch up.

Finance lease maintained its lead position with 55% of the total transaction, while operating lease took 45%. In the recent times, operating lease is increasing its share in the market place, owing to the dictates of the market - preference of corporate bodies to focus more on their core activities, and outsource other operational functions such as transportation and other logistics services. Also, as a risk mitigant and niche market for several lessors in the industry.

Globally, vehicles constitutes the most leased assets in the market. This is not different for the Nigerian market, as vehicles took 50% of leased assets in 2021. This includes heavy duty trucks for haulage and distribution; buses for inter-state commercial transportation and staff shuttle, the need to continuously meet corporate and individual's appetite for new modelled vehicles, across the nation.

Projecting into the future of leasing in Nigeria, it is expected that the industry will continue to make improved impacts on Nigeria's economic development. Essentially, with the plans of government to bring the economy out of the woods, in the post covid 19 environment. Also, the continued inflation in the economy, will no doubt, make leasing more relevant as an alternative option especially to the MSMEs.

What is of utmost importance is for all stakeholders in the leasing ecosystem, including government, to continue in their support for the industry, to make it more responsive to economic development. The government for instance, should consider the full implementation of the Equipment Leasing Act 2015, by inaugurating the Equipment Leasing Registration Authority, the body established by the Act, to give full effect to the intent and purport of the legislation, and on funding, channeling some of the intervention funds for the development of priority sectors, through the leasing industry.

Table 1: Equipment Leasing Table by Sector (2012 – 2021) (N' 000)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Manufacturing	375,965,188	279,725,073	269,254,555	245,432,614	217,167,991	180,569,189	158,871,170	124,712,434	115,008,806	104,080,367
Transport/Logistics	614,046,637	490,720,981	469,779,945	421,909,188	355,958,400	319,359,598	289,912,286	227,578,528	213,640,589	184,491,010
Agriculture	176,227,151	148,565,322	145,130,992	133,106,584	96,618,887	89,299,126	73,800,541	57,932,758	52,775,849	50,119,515
Oil/Gas	739,276,602	602,120,031	577,828,429	518,160,139	449,853,966	398,615,644	361,419,039	283,710,683	255,834,867	202,561,256
Government	154,868,223	127,206,394	123,772,064	111,697,656	88,143,803	80,824,042	73,074,750	57,363,019	53,257,374	50,576,803
Telecoms	232,600,554	177,853,183	170,900,759	147,078,818	128,235,736	120,915,976	99,217,957	77,885,200	73,245,102	66,285,160
Others	294,780,581	185,285,839	171,045,935	123,175,178	109,042,866	72,444,064	50,746,048	39,835,190	16,899,342	13,380,318
Total	2,587,764,938	2,011,476,831	1,927,712,680	1,680,560,180	1,445,021,651	1,262,027,642	1,107,041,794	869,017,815	780,661,932	671,494,433

NB: Others include Education, Healthcare, Construction and Consumers sectors

Table 2: Trends in Nigerian Leasing Market (2007 – 2021) (N'000)

Year	Leasing Volume ('000)	Growth (%)
2007	245,700,000.00	29
2008	348,894,000.00	42
2009	445,265,650.00	28
2010	537,907,637.75	21
2011	622,907,637.75	16
2012	671,494,433.53	8
2013	780,661,932.99	16
2014	869,017,875.10	11
2015	1,107,041,794.67	27
2016	1,262,027,642.73	14
2017	1,445,021,651.11	14.5
2018	1,680,560,180.25	16.3
2019	1,927,712,680.21	14.5
2020	2,011,476,831.90	4.3
2021	2,587,764,938.20	28.6

Fig. 1: Distribution of Lease Volume by Sector (2021)

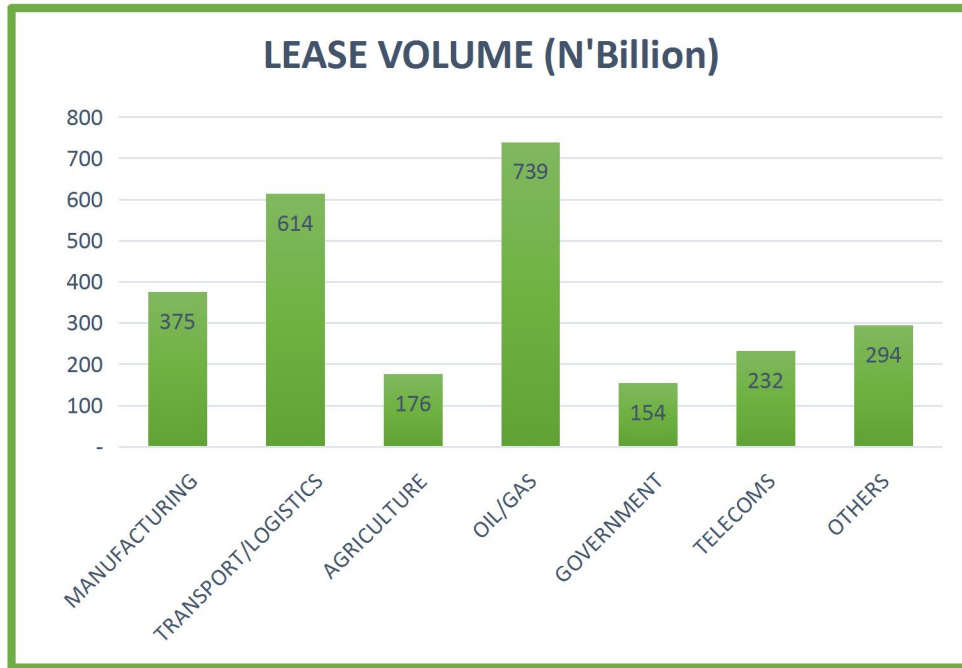


Fig. 2: Distribution of Lease Volume by Sector (2021)

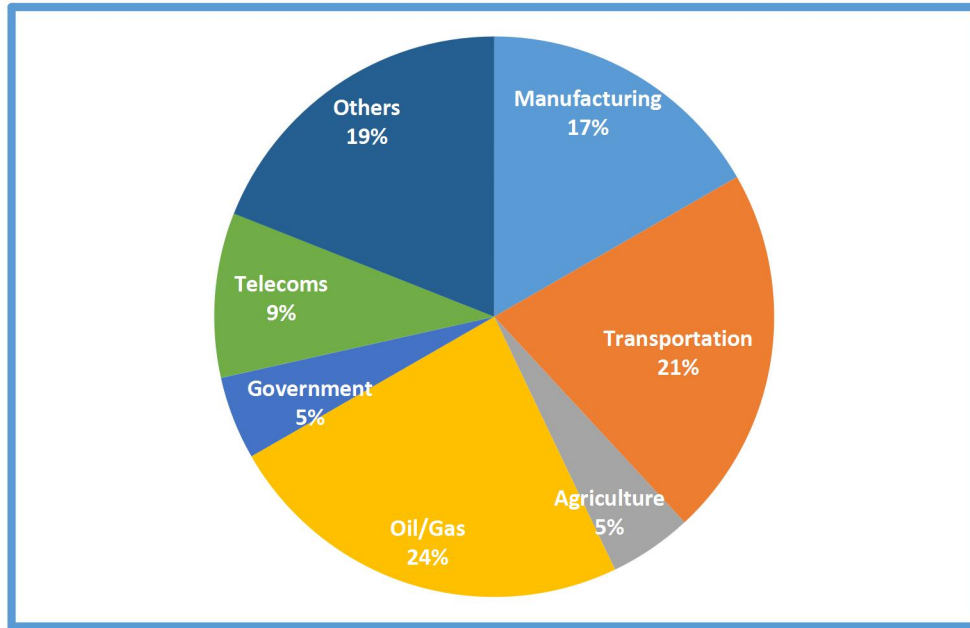


Fig. 3: Analysis by types of Asset (2021)

